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C O N F I D E N T I A L RIYADH 001468

SIPDIS

PM/DTCC FOR RACHAEL-THERESE JOUBERT-LIN

E.O. 12958: DECL: 11/04/2019

TAGS: ETTC KOMC SA

SUBJECT: RIYADH RESPONSE TO BLUE LANTERN BROKER INQUIRY  
CASE NO. K-2371, BONA FIDES OF MAZEN K. AL-SOWAIGH

REF: SECSTATE 99589

Classified By: Deputy Chief of Mission Susan Ziadeh for reasons 1.4 (b)  
and (d)

SUMMARY AND COMMENT

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¶1. (C) Saudi Prerogative Company (SPC) is a small business established in 2003 to represent foreign companies interested in the defense and communications industries in the Kingdom of Saudi Arabia. SPC is a privately held limited liability corporation. Shareholders include His Royal Highness Prince Abdul Rahman bin Bandar bin Abdulaziz. Many of Prince Abdul Rahman's brothers occupy senior civil and military positions in the Saudi government. We believe that he is very well connected within Saudi civil society and government and while his company is young, we believe that Prince Abdul Rahman's position enables him and SPC to have a prominent role in the field of defense acquisitions.

REFTEL QUESTIONS

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¶2. (C) Confirm that this entity is in the business of brokering defense articles and defense services at the location(s) indicated under its legal name(s);

-- PolMilOff contacted company to arrange a site visit. Due to the absence on travel of company principals, it was agreed to schedule a visit after December 5.

Determine whether this entity is authorized to conduct such activities in its home country, whether the entity has any criminal or other derogatory background, and whether Post has any information on its brokering or arms export activities that may involve proscribed entities such as countries under U.S. or international sanctions, or designated state sponsors of terrorism;

-- Saudi Prerogative Company (SPC) is a registered business in the Kingdom of Saudi Arabia.

Will the brokering firm be handling or storing USML items on behalf of its clients? If so, does it have secure facilities and proper accounting and security procedures for handling sensitive USML items?

-- SPC does not handle USML items. Typically all items are shipped directly to the customer.

When was the company established and who are its principals? How many employees?

-- SPC was established in March 2003. The principals are His Royal Highness Prince Abdul Rahman bin Bandar bin Abdulaziz Al Saud, Chairman, Sheikh Thamer Al Muhamna, Vice Chairman, Mazen Al Sowaigh, President and CEO, Khaled Al Sowaigh, Board Member. SPC employs 211 people.

-- The company has 46 direct-hire employees. SPC depends upon its partner, Nesma, to provide engineering and field support from their pool of 10,000 personnel. SPC has partners outside the Kingdom such as L-3 Communications Corporation and Harris Stratex Networks of the United States, Infosys Technologies of India, Fujitsu Networks Systems of Japan, and Hyundai-Rotem of South Korea, which it uses to provide specialized expertise to staff its programs inside the Kingdom.

What is the nature of its business and what other types of items does it handle?

-- SPC is involved in the fields of information technology, communications, and homeland security.

What types of organizations are among its typical clients and in what countries are they located?

-- SPC does business exclusively within the Kingdom. Clients include the telecommunications industry (Mobily and Saudi Telecom Company), the IT industry (American Express, Goldman Sachs, and seven major banks: Al Hokair, Al Zamil Group, The Capital Market Authority, the National Water Authority, among others) the homeland security industry (government ministries and agencies including the Royal Saudi Land Forces, Royal Saudi Navy, Ministry of Interior, and Ministry of Foreign Affairs).

Does the company understand the restrictions on USML items, especially the prohibition against unauthorized re-transfers and re-exports?

-- Yes.

ADDITIONAL INFORMATION FROM THE  
UNITED STATES COMMERCIAL SERVICE

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¶3. (U) USCS completed an International Company Profile on SPC in December 2007 which will be forwarded to PM/DTCC via email.

SITE VISIT

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¶4. (U) The SPC principals were unable to arrange a site visit as they were traveling abroad from mid-October through the end of November. A site visit will be arranged upon their return to Riyadh in early December. Post will send a follow-up cable after conducting the site visit.

ZIADEH